350.org – Center for Biological Diversity – Clean Energy Action – Climate Solutions – Coloradans for Fair Rates and Clean Energy – CREDO – Earthjustice – Environment America – Friends of the Earth – Greenpeace – Missourians Organizing for Reform and Empowerment – North Sound Baykeeper – Northern Plains Resource Council – Powder River Basin Resource Council – Physicians for Social Responsibility – Public Citizen – RE Sources for Sustainable Communities – Sierra Club – Washington Environmental Council – Western Organization of Resource Councils – WildEarth Guardians

15 April, 2013

The Honorable Sally Jewell
Secretary of the Interior
18th and C Streets, NW
Washington, DC 20240

Dear Secretary Jewell,

Congratulations on your confirmation as Secretary of the Interior.

As you are aware, you inherit this Agency at an important crossroads. The urgency of climate change and a recent surge in proposals to lease and export federally-owned Powder River Basin coal have created unprecedented challenges for the Department of Interior. As Secretary, you now have the responsibility to bring the federal coal leasing program in line with President Obama's call to "*respond to the threat of climate change, knowing that the failure to do so would betray our children and future generations,"* and to ensure taxpayers are not unfairly subsidizing the coal industry's export ambitions.[i]

We urge you to put an immediate moratorium on new coal leasing in the Powder River Basin and to conduct a comprehensive review of the federal coal leasing program. The Department of Interior must ensure that coal companies do not cheat U.S. taxpayers, existing mines do not endanger our air, water and wildlife and are properly reclaimed, and the greenhouse gas emissions from federal coal leases do not conflict with the Administration's stated commitment to reduce the country's contribution to climate change.

The urgency of climate change requires bold action

Recent extreme weather events remind us that climate change is not just a problem for future generations, it is a problem now, and the Administration must act swiftly to control the greenhouse gas emissions that are threatening lives and livelihoods. Hurricane Sandy devastated the Eastern shore, causing more than $70 billion in damage and leaving families without power, water, and essential services, while much of the country continues to experience the worst drought in a generation, covering more than three-quarters of the U.S. at its peak.

Coal remains the largest single source of climate pollution in the United States. Coal mined in the Powder River Basin alone (80 percent of which is federal coal) is the source of 13 percent of US greenhouse gas emissions.[ii] As the steward of one of the world's largest coal reserves, Department of Interior can no longer ignore the enormous climate impact of new and existing coal leases.

We are encouraged by President Obama's commitment to address climate change in his inaugural and State of the Union addresses. The federal coal leasing program, however, undermines efforts by citizens, businesses, and the Administration to reduce carbon pollution. Between 2011 and 2012, BLM leased over 2.1 billion tons of coal in the Powder River Basin, unlocking nearly 3.5 billion metric tons of CO2 that will be released when this coal is burned.[iii] In comparison, EPA's newest passenger vehicle emissions standards will reduce an estimated 2 billion tons of carbon dioxide over the lifetime of cars made from 2017-2025.[iv]

Absent a moratorium and reform, Interior is poised to approve 3.5 billion tons of new coal mining, which would be an unprecedented expansion of federal coal extraction.[v] DOI cannot facilitate these massive extraction projects without undermining President Obama's commitment to address climate change.

As domestic coal demand shrinks, coal producers eye foreign markets

In 2012, domestic coal use dropped 12%. Once the source of nearly half of US electricity, coal supplied only 37% of U.S. electricity last year.[vi] And this trend is expected to continue.

More megawatts of new wind energy were added to the grid in 2012 than any other energy source.[vii] In January of 2013, 100% of new electricity generation infrastructure was from renewable sources.[viii] New EPA health standards and competition from other sources of energy are making aging coal-fired power plants uneconomic.

As coal becomes more expensive to mine and burn, coal companies are proposing to dramatically increase leasing and export of taxpayer-owned Power River Basin coal to foreign markets. Companies such as Peabody, Arch, Cloud Peak, and Ambre are attempting to export more than 140 million tons of Powder River Basin coal through the Pacific Northwest annually, while others seek to expand coal export capacity in the Gulf and on the East Coast.

Despite the reality of shifting coal markets, BLM still operates under the assumption that new coal leases will serve domestic demand. On June 26, 2012, BLM leased the 721 million ton North Porcupine tract in Wyoming to Peabody Energy for the artificially low price of $1.11 per ton, under the justification of providing "a reliable, continuous supply of stable and affordable energy for consumers throughout the country."[ix]

Coal companies, however, are increasingly transparent about their desire to sell public coal overseas for a price five to seven times higher than the domestic delivered price. On a March 6 webcast, Cloud Peak CEO Colin Marshall said, "It's fair to say, domestically, there isn't any growth in the Powder River Basin that I can see." In January, Arch Coal CEO John Eaves told the CoalTrans USA conference, "I think port capacity on the West Coast is important, because over time we think more Western coals will be going into Asian markets."[x]

Not surprisingly, these new developments have cast doubt on whether Department of Interior and Bureau of Land Management are managing this resource in the best interests of the nation.

As you know, DOI is facing three government investigations over its coal leasing and royalty programs.[xi] A 2012 report from the Institute of Energy Economics and Financial Analysis revealed that BLM's inaccurate assessment of the "fair market value" of coal has cheated taxpayers out of almost $30 billion over the last thirty years,[xii] a massive subsidy to the coal industry. After the release of this report, the Government Accountability Office launched an investigation at the request of Representative Markey. Following a Reuters investigation and the requests of Senators Wyden and Murkowski, former Secretary Salazar created a task force to investigate whether coal companies are cheating royalty payments by selling coal to in-house affiliates before selling it to foreign markets.[xiii] The Department of Interior's Inspector General is investigating both fair market value and royalty valuation.

New and existing mining projects threaten local communities

Coal mining activities have contributed to local air quality violations and overall degradation of air quality in the region. Coal mining has also led to complete dewatering of local aquifers and significant changes in hydrogeology. Additionally, less than 4% of the 160,000 acres that have been impacted by coal mining in Wyoming and Montana have been released from reclamation bonds. This has tied up land in defiance of BLM's mandate to manage public lands for a combination of uses, taking into account the long-term needs of future generations for renewable and nonrenewable resources. Increased mining because of new leases will only exacerbate these impacts.

Landowners living near coal mines and communities along rail lines have historically shouldered the brunt of the costs to public health and the environment. New proposals to increase coal exports through the Pacific Northwest are facing deep opposition from communities concerned about an increase in coal dust and diesel pollution, as well as impacts to local waterways, wildlife, and outdoor recreation.

With so much at stake, we urge you to suspend auctions of taxpayer-owned coal, and establish a moratorium on new coal leasing in the Powder River Basin. A comprehensive review of the federal coal leasing program is needed to ensure that the public has a clear answer to how the federal coal leasing program will be reformed to serve the public interest.

Sincerely,

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Cc: Neil Kornze, Director, Bureau of Land Management
Nancy Sutley, Council on Environmental Quality
Acting Administrator Bob Perciasepe
Representative Ed Markey
Senator Ron Wyden
Senator Barbara Boxer
Governor Jay Inslee
Governor John Kitzhaber

[i]Quote is from President Obama's second inaugural address.
[ii]http://www.wildearthguardians.org/support_docs/report_powder_river_11-23-09.pdf.
[iii]http://www.blm.gov/pgdata/etc/medialib/blm/wy/programs/energy/coal/comp_lease-1990.Par.9731.File.dat/successful_sales_08_07_12.pdf.
[iv]http://www.epa.gov/otaq/climate/regs-light-duty.htm#new1.
[v]This calculation includes the North and West Hilight leases, West Jacobs Ranch lease, Maysdorf II lease, and Hay Creek II lease.
[vi]http://www.eia.gov/electricity/monthly/epm_table_grapher.cfm?t=epmt_1_1.
[vii]http://www.awea.org/learnabout/publications/reports/upload/AWEA-Fourth-Quarter-Wind-Energy-Industry-Market-Report_Executive-Summary-4.pdf.
[viii]http://www.eenews.net/assets/2013/02/25/document_pm_01.pdf.
[ix]http://www.blm.gov/pgdata/etc/medialib/blm/wy/information/NEPA/hpdo/Wright-Coal/s-porcupine.Par.96234.File.dat/S-PorcROD.pdf.
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[xiii]http://www.energy.senate.gov/public/index.cfm/files/serve?File_id=94316913-27c1-4152-a272-7cabff2010c8.